

*For July 67*  
*memo - see CAF*  
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29 June 1965

*Chen file*  
*None prepared for '66.*  
**MEMORANDUM FOR: Chief, Administrative Staff, OCI**

**SUBJECT : Major Developments in the Sino-Soviet Bloc in FY 1965**

1. The war in Vietnam was unquestionably the focal point of the staff's attention and production during the past fiscal year. Very close coverage began with the incidents in the Tonkin Gulf last August. This reporting was intensified in February when the US began its air strikes against the North. Daily coverage has ranged from the extent of North Vietnamese involvement in the South to damage assessments of US raids in the North. The Central Intelligence Bulletin has carried reports each day on developments in Vietnam and this has been supplemented by a more detailed separate daily Vietnamese Situation Report, prepared at White House request.

2. In connection with the mounting conflict in Vietnam, the Communist Chinese posture has been followed closely. Politically, this coverage has largely concerned China's unyielding attitude toward easing the crisis, particularly in response to US and other overtures for negotiations. China's military stance has also been reported in detail, with special attention focussed on its possible preparedness for intervention.

3. The Soviet posture toward the Vietnamese crisis has largely concerned Moscow's retreat from meaningful dealings with the West. Not only has this been reported in connection with matters directly concerning the continuation of the Asian confrontation, but also as it has affected disarmament negotiations the problems of Soviet arrears <sup>in</sup> its UN payments and visits by Soviet leaders to foreign states.

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4. Another subject commanding considerable attention was Chinese nuclear testing; timely warnings were given for both the October 1964 and May 1965 shots. Soviet research and development activities, such as underground nuclear tests and missile test firings, were also given close coverage. Soviet space attempts and achievements were assessed, as was the current status of the Soviet armed forces, including the introduction of new military equipment.

5. The Sino-Soviet dispute continued this year, as last, to command considerable attention. The focus was, first, Khrushchev's efforts to convene a meeting of 26 parties in December to condemn the Chinese and then his successors' attempt--after approaches to the Chinese had failed to ease frictions--to convene the postponed meeting for different purposes in March. The dispute was also reflected in wrangling over Soviet participation in the Afro-Asian summit conference once scheduled for late June in Algiers. Chinese obstruction of Soviet aid shipments to North Vietnam was a further manifestation of the Peiping-Moscow controversy.

6. The Khrushchev ouster in October was another event of importance treated in current intelligence publications. The conflict of interests which led to his political demise had been described in our publications earlier in the fiscal year. Following the coup, the policies of the new leadership were described as soon as shifts could be discerned.

7. During FY 1965, a temperature chart was continued on the health of the economies of the Soviet Union, Eastern Europe, Communist China, and the Asian satellites. New policies developed to cure economic problems were reported, normally in the context of domestic political infighting or as they concerned the advance of independence by several of the East European states. Soviet foreign economic relations were covered in detail, particularly in terms of Moscow's use of Western credits and of Soviet arms sales. China's foreign economic dealings were described at length, especially as they shed light on Peiping's efforts to foment or support insurrections in the underdeveloped states.

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8. In Eastern Europe, attention centered on Rumania as it increasingly asserted its independence of the Soviet Union and gave evidence of its desire, and perhaps willingness, to quit the Warsaw Pact. Czechoslovakia's desire to put its relations with the USSR, too, on a more equal basis was reported at some length, as well as the internal political factors which produced this situation. The foreign and domestic policies of Yugoslavia, the pioneer of national Communism, were also closely covered. Scandals in Hungary, party factionalism in Poland, and the discovery of a conspiracy in Bulgaria were also reported in the context of their effect on the stability of these regimes.

9. Berlin continued to be a trouble spot, highlighted by indications that the East Germans planned further to seal off the Western part of the city by complementing the wall with a ditch. The April harassment by Soviet and East German units when the West German Bundestag met in Berlin and the violations of postwar agreements by East German helicopters in late spring were also reported.

10. The status of Cuban military forces and Soviet support were also watched during the fiscal year.

  
Chief, Sino-Soviet Bloc Area

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